

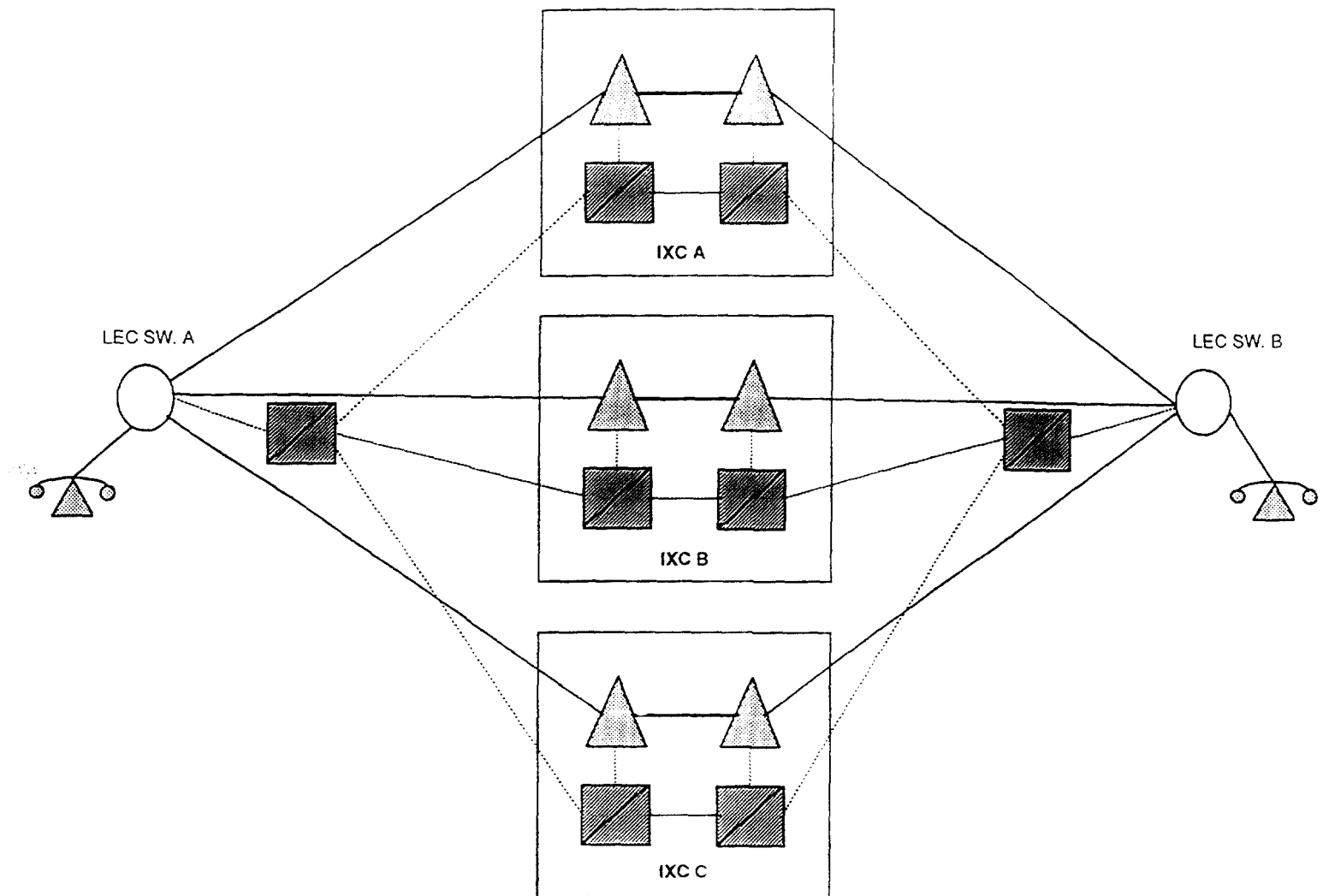
TCAP EQUAL ACCESS - SCREEN LIST EDITING

- **ISSUE:**

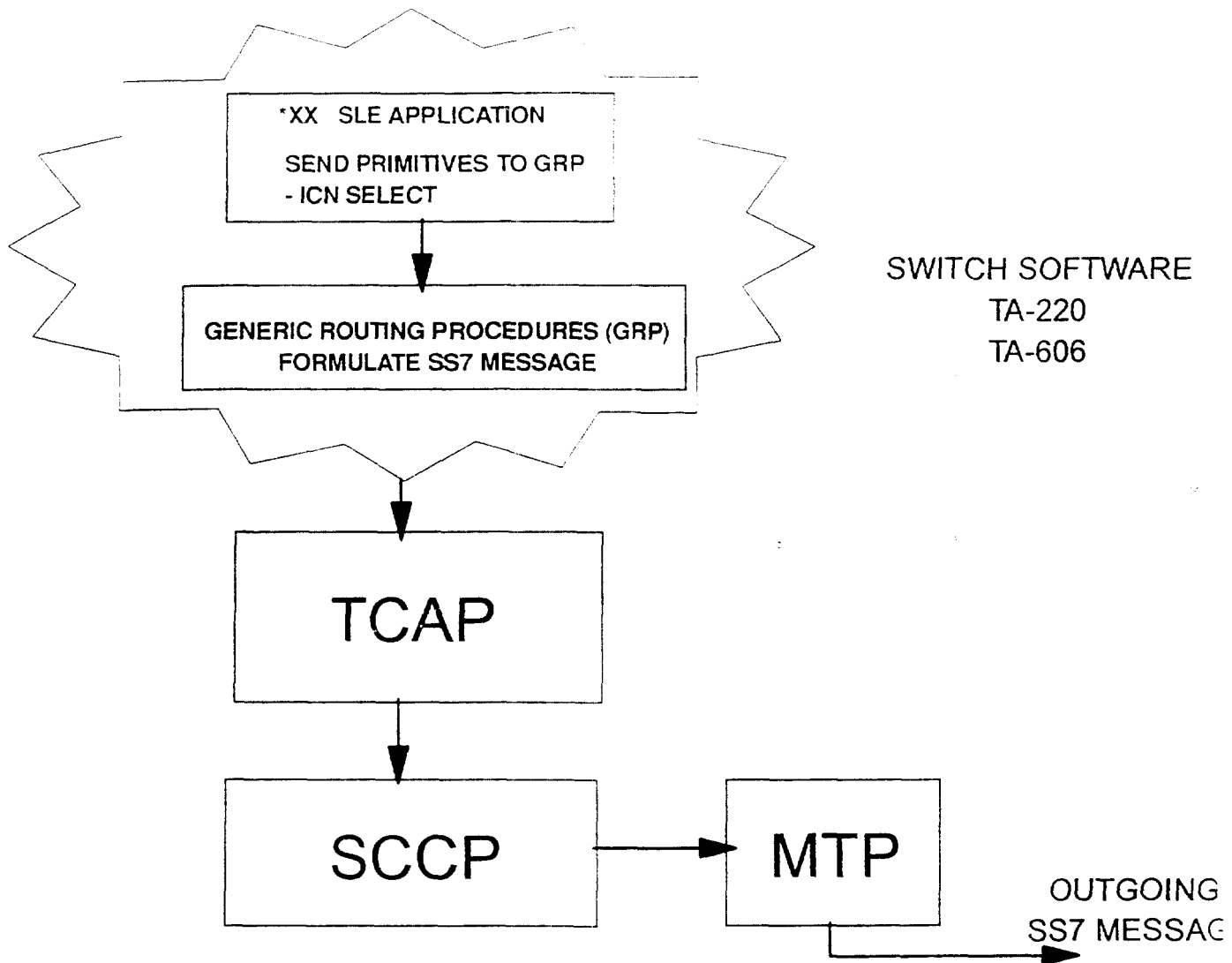
- TA-NWT-000220 (ISSUE 4, JUNE 1993) SECTION 3.3.4.4 SHOULD BE REVISED TO INCLUDE MFJ INTENTIONS
 - » TCAP INFORMATION PRIMITIVE FOR “ICN SELECTION” CURRENTLY SPECIFIES “BCC-SELECT” METHOD TO DETERMINE MESSAGE ROUTING
 - » REVISE PRIMITIVE LIST TO INCLUDE MESSAGE ROUTING TO END-USER PRESUBSCRIBED CARRIER
 - » BOTH METHODS ARE SUPPORTED IN TA-NWT-000606, LSSGR CCS REQUIREMENTS

J. JOERGER
MCI
ICCF #31

TCAP EQUAL ACCESS -SCREEN LIST EDITING



TCAP EQUAL ACCESS -SCREEN LIST EDITING



TCAP EQUAL ACCESS - SCREEN LIST EDITING

- **MFJ APPLICABLE TEXT:**

“Telecommunications means the transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received, by means of electromagnetic transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of such information) essential to such transmission.” (IV.O)

J. JOERGER
MCI
ICCF #31

TCAP EQUAL ACCESS - SCREEN LIST EDITING

- **MFJ APPLICABLE TEXT (cont.):**

“Interexchange telecommunications means telecommunications between a point or points located in one exchange telecommunications area and a point or points located in one or more other exchange areas or a point outside an exchange area.” (IV.K)

J. JOERGER
MCI
ICCF #31

TCAP EQUAL ACCESS - SCREEN LIST EDITING

- **MFJ APPLICABLE TEXT (cont.)**

... “no BOC shall, directly or through any affiliated enterprise:

1. provide interexchange telecommunications ... (II.D)

TCAP EQUAL ACCESS - SCREEN LIST EDITING

- **MCI DOES NOT AGREE WITH LEC POSITIONS FROM ICCF #30 WHICH NOTED THAT SLE MESSAGES SHOULD BE ROUTED BASED ON BCC BUSINESS DECISIONS**
- **MCI BELIEVES THAT MFJ IS CLEAR THAT SLE MESSAGES ARE NOT "OFFICIAL" COMMUNICATIONS**

J. JOERGER
MCI
ICCF #31

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D C 20554

FCC 95-223

RECEIVED

APR 25 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

AMERITECH

AAD 95-75

CONSENT DECREE ORDER

Adopted: June 9, 1995

Released: June 23, 1995

By the Commission: Commissioner Quello concurring in the result; Commissioner Barrett concurring and issuing a statement.

1. This Commission and the National Association of Regulatory Utility Commissioners (NARUC) initiated a joint review of affiliate transactions involving the Regional Bell Operating Companies, including Ameritech. Pursuant to that effort, a joint audit team consisting of auditors from the Commission, the Public Utilities Commission of Ohio (Ohio), and the Public Service Commission of Wisconsin (Wisconsin) conducted a joint audit of transactions between the Ameritech Operating Companies (AOCs) and their affiliate, Ameritech Services, Inc. (ASI)¹ in 1992. The joint audit team prepared a Joint Audit Report at the conclusion of the audit.

2. The Joint Audit Report concluded that ASI failed to provide the joint audit team with adequate documentation to support the assignment of many costs to the AOCs and to other affiliates. This included a lack of written procedures that describe how ASI separates costs directly incurred by the AOCs from other costs, including overheads, that are not directly apportioned, and a lack of documentation showing how costs assigned to the AOCs benefitted ratepayers. The Joint Audit Report also alleged that certain misclassifications of costs by ASI resulted in over allocation of costs to regulated ratepayers, including costs associated with research and development of new products or services that were allocated entirely to regulated ratepayers even though this research and development could have nonregulated applications.

¹ ASI acts as a central purchasing agent for the AOCs, and also provides various management and product support services. See Attachment A, pp. 15-20.

Ameritech contests and denies each of the Joint Audit Report's conclusions.

3. This Commission, Ohio and Wisconsin, and Ameritech, have reached an Agreement with respect to these audit findings. The terms and conditions of this agreement are contained in the attached Consent Decree.

4. We have reviewed the terms of the Consent Decree and evaluated the circumstances of the case. We believe the public interest would be served by approving the Consent Decree, the terms of which are incorporated by reference.

5. Accordingly, IT IS ORDERED that the Consent Decree, incorporated by reference herein and attached to this Order, IS HEREBY ADOPTED, and the Secretary shall sign such Consent Decree on behalf of the Commission.

6. IT IS FURTHER ORDERED that this Order is effective upon execution of the Consent Decree by all parties to the Agreement.

FEDERAL COMMUNICATIONS COMMISSION

William F. Caton,
Acting Secretary

CONSENT DECREE

1. This is a Consent Decree entered into by the Federal Communications Commission ("FCC"), the Public Utilities Commission of Ohio ("PUCO"), the Public Service Commission of Wisconsin ("WPSC") and the Ameritech Operating Companies ("AOCs" or "Ameritech") (collectively referred to sometimes as the "Parties")

2. Auditors from the FCC, PUCO and WPSC initiated a joint audit of transactions between the AOCs and their affiliate, Ameritech Services, Inc. ("ASI") in 1992 ("Joint Audit").

3. The Joint Audit had two general objectives. One was to evaluate compliance with the FCC affiliate transaction rules. The other was to determine whether any noncompliance with these rules had adversely affected interstate and intrastate telephone ratepayers through the flow of cross-subsidies to nonregulated affiliates.

4. The report of the Joint Audit team and the parties' responses to the report are attached to this Consent Decree as Attachment A. The positions of the parties are as follows:

a. The Joint Audit team maintains that ASI failed to provide to the audit team adequate documentation to support the assignment of many of its costs. This included a lack of written procedures that describe how ASI separates direct and indirect costs. It also included lack of regulated ratepayer benefit documentation as well as misclassifications of costs that resulted in over allocations of costs to regulated services. Moreover, the Joint Audit team maintains that ASI established several work profiles designed to study new products or services that were allocated entirely to regulated ratepayers even though they could have future nonregulated applications. These points and others detailing the Joint Audit team's findings are included in the audit report included in Attachment A.

b. Ameritech contests all findings in the audit report. Ameritech asserts that it made proper cost allocations and provided more than sufficient written documentation of those allocations to the audit team. Ameritech notes that ASI did little work for non-owners thereby limiting even the potential for misallocation, and that two independent accounting firms -- one working on behalf of the Illinois Commerce Commission -- conducted similar audits for the same period and found no significant discrepancies. These points and others disputing all of the findings of the audit report are detailed in Ameritech's response to the audit report included in Attachment A.

5. The FCC, PUCO, WPSC and AOCs agree that the expeditious resolution of issues raised by the Joint Audit in accordance with the terms of this Consent Decree is in the public

1. The Ameritech Operating Companies are: Illinois Bell Telephone Company, Indiana Bell Telephone, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company and Wisconsin Bell, Inc.

interest.

6 Accordingly, and in consideration of the agreement of the FCC, PUCO and WPSC to conclude action on the Joint Audit on the terms set forth in this Consent Decree, the AOCs agree to act as specified in paragraphs 6(a) through 6(d) of this Consent Decree:

a. As a result of the Joint Audit, Ameritech and the audit team have developed mutually agreeable documentation, which will contain a clearer description of work performed by ASI, an identification of Part 32 accounts to which costs are assigned, an identification of Part 64 cost allocations and an explanation of allocation methodology, and a more specific explanation of Ameritech's rationale for its accounting and allocation decisions. A specific explanation, at a minimum, includes a statement of the benefit to AOCs' regulated operations when costs are recorded in regulated accounts. In the future, ASI will maintain this written documentation so that it will be readily available as a basis for review of the reasonableness of ASI's regulated and nonregulated cost allocations. More specifically, as ASI provides the accounting classifications recorded for ASI's billings on the books of the AOCs, ASI will make the following changes to its accounting practices:

(1.) To the extent appropriate, ASI will record in account 6727, Research and development, the costs associated with all trials of new products;

(2.) ASI will develop and implement written procedures for classifying work profiles as direct and indirect work profiles. These procedures must include a list of work profiles and bill lines that are direct or indirect and specify the conditions under which the classification can be changed from one category to another.

(3.) ASI will have centralized documentation that covers all aspects of each work profile. This documentation will include:

(a.) a detailed explanation of the nature of the activity, and any intended product or service that would be provided by the AOCs;

(b.) the rationale for the determination of the accounting and cost pool classifications for the activity;

(c.) a summary indicating which AOCs and other subsidiaries are service recipients;

(d.) the budget and actual costs for the work profile and documentation of any material over or under budget situations;

(e.) the projected and actual delivery dates for output from the activity;

(f.) a description of any efforts to compare the costs of obtaining the activity from outside sources with the internal costs of the activity.

from the FCC, PUCO and WPSC will have the opportunity to review the independent auditor's plan and recommend revisions, if appropriate, before the compliance audit begins. The same proprietary agreements in effect for the Joint Audit would be used for the compliance audit, provided, however, that if it becomes necessary in the future to modify the proprietary agreements to accommodate changes in applicable statutes, rules or regulations, the Parties agree to negotiate those modifications in good faith.

(3.) Ameritech will have an independent auditor perform a study quantifying the impact on the Cost Allocation Manual (CAM) wages and salaries allocators caused by the movement of employees from the AOCs to ASI, as described in Attachment A. The results of the study shall be submitted with the 1996 independent auditor's report to be filed with the FCC in accordance with 47 CFR §64.904

c. Because the lack of sufficient written documentation for the AOCs' cost allocations added extra time, expense and inconvenience to the Joint Audit team's efforts, the AOCs agree that Ameritech shall voluntarily make certain payments to the United States, Ohio and Wisconsin. Accordingly, and in connection with the interstate aspects of that audit, Ameritech shall pay \$375,000 to the Treasury of the United States, and, in connection with the intrastate aspects of the audit, \$200,000 to the Ohio State Treasurer's General Fund, and \$100,000 to the Wisconsin Advanced Telecommunications Foundation established under s 14.28, Wis. Stats. These voluntary contributions will be recorded in Account 7370, Special Charges, and will be treated for income tax purposes as if it were subject to Section 162(f) of the Internal Revenue Code. Ameritech shall make these payments within ninety (90) days after the FCC, PUCO and WPSC enter final orders adopting this Consent Decree, or, if an appeal is taken, within ninety (90) days after those final orders have been affirmed in all material parts on appeal.

d. The FCC, PUCO, WPSC and the AOCs agree that the Joint Audit Report, included here as Attachment A, should be publicly released. Therefore, the AOCs waive any right to contest release to the public of the Joint Audit Report.

7 In the event the AOCs fail to comply with the requirements set forth in paragraph 6 of this Consent Decree, then the FCC, PUCO and WPSC reserve the right to pursue legal action against the AOCs. Likewise, if the AOCs comply with the requirements in paragraph 6(a) of this Consent Decree, then the accounting treatments, procedures and documentation described in paragraph 6(a) shall be regarded by the FCC, PUCO and WPSC, as presumptively reasonable and lawful. The FCC, PUCO and WPSC, however, reserve the rights they have under the law to change accounting prospectively and retroactively as long as no penalty attaches to such retroactive application. Likewise, the AOCs shall be authorized to make changes to their accounting treatments, procedures and documentation, including those required in this Consent Decree, to implement or reflect changes in the law or rules and shall not thereby be regarded as being in violation of any part of this Consent Decree.

(4.) ASI will keep written documentation of the translation from bill lines to Part 32 accounts and Part 64 cost pools. This documentation will include

(a.) an explanation of the work included in each bill line and

(b.) an explanation of how and why ASI allocates the costs between regulated and nonregulated operations, including the reasons for the selection of particular account(s) and/or cost pool(s). In developing this explanation, the fact that a technology can be deployed in the public switched network is not a sufficient criterion, in and of itself, to determine whether work on that technology is regulated or nonregulated activity. For example, costs for the development of new products or services that are not specifically related to the AOCs' regulated or nonregulated services shall be assigned to the appropriate shared cost pool. Beginning with 1995 work profiles and bill lines, documentation shall be maintained for every change in classification of all bill lines, the date of such change, and support for the necessity of the change.

(5.) ASI will maintain a file of AOC benefit verification forms. These forms will indicate the benefit of the activity to AOC regulated services and will include a signed statement from the appropriate AOC confirming the benefit or benefits to that AOC as listed therein. In addition to information required by other ASI procedures, the benefit should include, as appropriate, an analysis of (1) potential revenue losses or future costs if the project is not undertaken compared to costs expected to be incurred; (2) additional regulated revenues expected to be generated compared to costs incurred; (3) improvement in the quality of AOC regulated services; (4) other benefits; or (5) a statement explaining why none of the above was included. The file should also include the original form and all subsequent updates.

(6.) ASI's accounting practices will provide that all data processing common costs are included in the development of fully allocated costs to nonowner affiliates.

b. Regarding the timing and verification of such accounting practices, the AOCs agree as follows:

(1.) Ameritech will complete an implementation plan for improved accounting practices within 60 days of signing this agreement. ASI will have the stated accounting practices in place within 120 days of signing this agreement.

(2.) Ameritech will have an independent auditor perform a compliance audit two years after the signing of this Consent Decree. The audit will focus on Ameritech's compliance with the provisions of this Consent Decree. Auditors

8. In light of the AOCs' covenants and representations contained in paragraph 6 of this Consent Decree, and in express reliance thereon, the FCC, PUCO and WPSC, respectively agree to issue final orders formally adopting this Consent Decree (the "Consent Decree Orders") without change, addition or modification and without a finding of wrongdoing, violations or liability by the AOCs and further agree not to begin, on the motion of any such Commission or its staff, any proceeding formal or informal, concerning matters that were the subject of the Joint Audit. However, nothing herein shall preclude the FCC, PUCO or WPSC from using the information underlying the findings and observation in Attachment A for other lawful regulatory purposes provided that the AOCs shall have all opportunities afforded by law to contest that use and that information. The Parties agree that Attachment A shall not be released unless and until this Consent Decree is adopted by final orders of the FCC, PUCO and WPSC.

9. The AOCs admit the jurisdiction of the FCC, PUCO and WPSC to adopt this Consent Decree.

10. The AOCs waive any rights they may have to judicial review, appeal or rights otherwise to challenge or contest the validity of the final order of the FCC, PUCO or WPSC adopting this Consent Decree, provided those Commissions adopt this Consent Decree without change, addition or modification.

11. The Parties agree not to engage in conduct inconsistent with the terms of this Consent Decree. The Parties may comment publicly, however, on the nature of the Consent Decree, and the merits of their respective positions as described more completely in Attachment A, after it has been adopted by the FCC, PUCO, and WPSC.

12. Adoption by the FCC, PUCO and WPSC of this Consent Decree shall conclude action on the Joint Audit without a finding of wrongdoing, violations or liability by the AOCs.

13. It is understood that the AOCs' agreement to this Consent Decree does not constitute an adjudication of any factual or legal issues or an admission by the AOCs of wrongdoing, violations or of any inconsistency between their position, on the one hand, and, on the other hand, (i) the Communications Act of 1934, as amended, and the rules and policies of the FCC, (ii) Title 49, Ohio Revised Code, as amended, and the rules and policies of the PUCO, and (iii) ch. 196, Wis. Stats., as amended, and the rules and policies of the WPSC. As a result, the AOCs and their affiliates shall not be precluded or estopped from litigating de novo any and all of the issues subject to this Consent Decree in any fora except as provided herein.

14. The Parties agree that this Consent Decree and the Consent Decree Orders may not be used in any fashion by any of the Parties to this Consent Decree in any legal proceeding except as set forth in this Consent Decree.

15. The Parties agree that the effectiveness of this Consent Decree is expressly contingent upon the FCC, PUCO and WPSC concluding action on the Joint Audit, issuance of Consent Decree Orders as described herein, and compliance by the AOCs with the terms

of this Consent Decree. If this Consent Decree is not signed by the AOCs and the FCC, PUCO and WPSC, or is otherwise rendered invalid by any court of competent jurisdiction, it shall become null and void and may not become part of the record in this proceeding.

16. If the FCC, PUCO or WPSC brings an action in any court of competent jurisdiction to enforce the terms of the Consent Decree Orders or this Consent Decree, the AOCs agree that they will not contest the validity of either the Orders or the Decree, will waive any statutory right to contest the validity of the Consent Decree Orders or this Consent Decree through a trial de novo, and will consent to a judgment incorporating the terms of this Consent Decree provided, however, that the FCC, PUCO and WPSC have complied with all of their obligations under the Consent Decree.

17. This Agreement may be signed in counterparts.



William F. Caton
Acting Secretary,
Federal Communications Commission

Ameritech Telephone Operating
Companies

Ohio Public Service Commission

Wisconsin Public Service Commission

June 23, 1995

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William F. Caton
Acting Secretary,
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Ameritech Telephone Operating
Companies

Ohio Public Service Commission

Cheryl A. Pami

Wisconsin Public Service Commission

June __, 1995

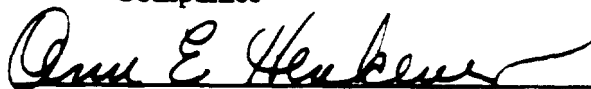
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Acting Secretary,
Federal Communications Commission


Ameritech Telephone Operating
Companies

Ohio Public Service Commission

Wisconsin Public Service Commission

June __, 1995

**CONCURRING STATEMENT
OF
COMMISSIONER ANDREW C. BARRETT**

Re: Joint Audit of Ameritech Telephone Companies, Consent Decree and Consent Decree Order

This Joint Audit and Consent Decree covers transactions in 1992 between Ameritech Operating Companies (AOCs) and nonregulated, management and support affiliate Ameritech Services, Inc. (ASI). The purpose of this audit was to determine whether Ameritech was in compliance with the Commission's affiliate transaction rules, and the joint auditors found: (1) problems with the lack of documentation to support ASI cost allocations to affiliates, and (2) discrete findings of misallocations. The settlement agreement under the consent decree has achieved substantial accounting improvements sought by the joint auditors, and requires Ameritech to employ an outside auditor to evaluate compliance with terms of the decree within two years following the agreement. Ameritech also has agreed to make voluntary payments to the United States Treasury, as well as to the states of Wisconsin and Ohio

I support this action addressing serious accounting problems by AOCs as revealed in the course of the Joint Audit, which may have resulted in cost misallocations associated with ASI services. It is necessary to emphasize, however, that this audit report finds no ratepayer harm, even if the misallocations were corrected, due the AOCs' practice of setting prices below their price cap level. I do not disagree with this Consent Decree to the extent that Ameritech has agreed to this settlement. I concur, however, because I question the intrusive purpose of including monetary payments in this settlement agreement despite the lack of harm to ratepayers. I am concerned that the Joint Audit's findings are focused specifically on a failure to provide documentation, which are most appropriately addressed by procedural requirements and subsequent audits. Given that this Decree is not pursued as an enforcement action, and correcting for the misallocations would lead to no rate reductions for ratepayers, I do not believe that a further requirement of monetary payments is appropriate in this instance.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FCC 95-222

In the Matter of

AMERITECH TELEPHONE
COMPANIES

AAD 95-74

Public Release of Information
Obtained during Joint Audit

MEMORANDUM OPINION AND ORDER

Adopted: June 9, 1995

Released: June 23, 1995

By the Commission: Commissioner Quello concurring in the result; Commissioner Barrett concurring and issuing a statement.

I. INTRODUCTION

1. By this Memorandum Opinion and Order, we release to the public certain financial information obtained jointly by Commission and state regulatory agency auditors during a joint federal/state audit of the Ameritech Telephone Operating Companies' ("AOCs") transactions with their affiliate, Ameritech Services, Inc. ("ASI"). The information to be released is contained in the Joint Audit Report package prepared by the joint audit team at the audit's conclusion. Pursuant to Section 220(f) of the Communications Act of 1934, as amended,¹ we release this Joint Audit Report package to the public. Although this will disclose information the joint audit team obtained from Ameritech, we emphasize that we are not adopting the Joint Audit Report package or endorsing the analysis and conclusions in it.

II. BACKGROUND

2. The audit examined transactions between the AOCs and their ASI affiliate occurring from 1989 to 1992. The audit team's objective was to determine compliance with the Commission's affiliate transactions rules, as codified in 47 C.F.R. § 32.27, which prescribe federal accounting requirements for recording transactions between regulated carriers and their nonregulated affiliates on the carriers' regulated books of account.

¹ 47 U.S.C. § 220(f).

3. At the audit's conclusion, the audit team prepared a Joint Audit Report package that contains the following: (1) the joint audit report; (2) Ameritech's response to the joint audit report; and (3) the audit team's Reply Comments. The joint audit report and Reply Comments provide the audit team's final conclusions regarding the audit. Ameritech does not object to release of the Joint Audit Report package.

III. DISCUSSION

4. Section 220(f) of the Communications Act prohibits Commission personnel from disclosing publicly facts and information obtained during an audit, absent a Commission or court order. This Commission does not routinely publicly release audit reports prepared by Commission staff.⁴ Under the circumstances of this joint audit, however, we believe that it is in the public interest to disclose to the public the Joint Audit Report package. The Joint Audit Report and Reply Comments within that package set forth the audit team's final conclusions regarding this joint audit. Publication of those conclusions will enable the public to learn about the joint audit process and its inherent benefits, which we believe are substantial. By combining the expertise of federal and state agencies, joint audits enable both this Commission and the state commissions to use their auditing resources more effectively. Joint audits can also ensure that this Commission and the states act consistently in the pursuit of common goals and ideals. For example, here, the joint audit team reviewed Ameritech's accounting for affiliate transactions. This is a matter of mutual federal-state concern that could become the subject of other investigations or actions by this Commission and its state counterparts. Lastly, disclosure will alert interested persons, including customers, to the audit team's conclusions and thus promote further scrutiny to the benefit of ratepayers and the public. Accordingly, we disclose to the public the Joint Audit Report package.

³ Following initial consultations with Ameritech, the audit team made revisions to the draft audit report that the team felt were warranted. Thereafter, on October 28, 1994, the audit team forwarded the draft audit report to Ameritech for its final comments and any identification of proprietary information. The audit team asked Ameritech to file these comments on or before November 18, 1994, afterward extending the deadline to November 28, 1994. In spite of this extension, Ameritech did not file its comments until December 16, 1994. Although the audit team considered that Ameritech had been afforded ample opportunity to file within the declared timeframe, the team decided that it would be impractical to ignore Ameritech's filing which was subsequently revised during settlement negotiations with the audit team.

⁴ In a concurrent action, the Commission has adopted a Consent Decree by which the parties agree to resolve the issues identified in the Joint Audit Report package through a settlement agreement. Pursuant to that settlement agreement, Ameritech has consented to the release of the Joint Audit Report package. See Consent Decree Order, FCC 95- , released June 23, 1995 (Consent Decree).

⁵ See National Exchange Carrier Ass'n, Request for Confidential Treatment of Certain Financial Information, Memorandum Opinion and Order, 5 FCC Rcd 7184, 7185, n.15 (1990) (Commission's general policy is to preserve confidential status of audit reports); Martha H. Platt, On Request for Inspection of Records, Memorandum Opinion and Order, 5 FCC Rcd 5742, 5743, n.8 (1990).

5. We emphasize that in disclosing this information, we are not adopting any portion of the package or endorsing any of the analysis or conclusions contained in it.

IV. ORDERING CLAUSES

6. Accordingly, IT IS ORDERED, pursuant to Section 220(f) of the Communications Act of 1934, as amended (47 U.S.C. § 220(f)), that WE HEREBY DISCLOSE to the public certain financial information obtained during the joint audit of the Ameritech Telephone Operating Companies and their affiliate, Ameritech Services, Inc.

FEDERAL COMMUNICATIONS COMMISSION

William F. Caton
Acting Secretary

CONCURRING STATEMENT
OF
COMMISSIONER ANDREW C. BARRETT

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

TDK
FCC 95-222

RECEIVED

APR 25 1996

In the Matter of)
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

AAD 95-74

MEMORANDUM OPINION AND ORDER

Adopted: June 9, 1995

Released: June 23, 1995

By the Commission: Commissioner Quello concurring in the result; Commissioner Barrett concurring and issuing a statement.

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1. By this Memorandum Opinion and Order, we release to the public certain financial information obtained jointly by Commission and state regulatory agency auditors during a joint federal/state audit of the Ameritech Telephone Operating Companies' ("AOCs") transactions with their affiliate, Ameritech Services, Inc. ("ASI"). The information to be released is contained in the Joint Audit Report package prepared by the joint audit team at the audit's conclusion. Pursuant to Section 220(f) of the Communications Act of 1934, as amended,¹ we release this Joint Audit Report package to the public. Although this will disclose information the joint audit team obtained from Ameritech, we emphasize that we are not adopting the Joint Audit Report package or endorsing the analysis and conclusions in it.

II. BACKGROUND

2. The audit examined transactions between the AOCs and their ASI affiliate occurring from 1989 to 1992. The audit team's objective was to determine compliance with the Commission's affiliate transactions rules, as codified in 47 C.F.R. § 32.27, which prescribe federal accounting requirements for recording transactions between regulated carriers and their nonregulated affiliates on the carriers' regulated books of account.

¹ 47 U.S.C. § 220(f).

3. At the audit's conclusion, the audit team prepared a Joint Audit Report package that contains the following: (1) the joint audit report; (2) Ameritech's response to the joint audit report;² and (3) the audit team's Reply Comments. The joint audit report and Reply Comments provide the audit team's final conclusions regarding the audit. Ameritech does not object to release of the Joint Audit Report package.³

III. DISCUSSION

4. Section 220(f) of the Communications Act prohibits Commission personnel from disclosing publicly facts and information obtained during an audit, absent a Commission or court order. This Commission does not routinely publicly release audit reports prepared by Commission staff.⁴ Under the circumstances of this joint audit, however, we believe that it is in the public interest to disclose to the public the Joint Audit Report package. The Joint Audit Report and Reply Comments within that package set forth the audit team's final conclusions regarding this joint audit. Publication of those conclusions will enable the public to learn about the joint audit process and its inherent benefits, which we believe are substantial. By combining the expertise of federal and state agencies, joint audits enable both this Commission and the state commissions to use their auditing resources more effectively. Joint audits can also ensure that this Commission and the states act consistently in the pursuit of common goals and ideals. For example, here, the joint audit team reviewed Ameritech's accounting for affiliate transactions. This is a matter of mutual federal-state concern that could become the subject of other investigations or actions by this Commission and its state counterparts. Lastly, disclosure will alert interested persons, including customers, to the audit team's conclusions and thus promote further scrutiny to the benefit of ratepayers and the public. Accordingly, we disclose to the public the Joint Audit Report package.

² Following initial consultations with Ameritech, the audit team made revisions to the draft audit report that the team felt were warranted. Thereafter, on October 28, 1994, the audit team forwarded the draft audit report to Ameritech for its final comments and any identification of proprietary information. The audit team asked Ameritech to file these comments on or before November 18, 1994, afterward extending the deadline to November 28, 1994. In spite of this extension, Ameritech did not file its comments until December 16, 1994. Although the audit team considered that Ameritech had been afforded ample opportunity to file within the declared timeframe, the team decided that it would be impractical to ignore Ameritech's filing which was subsequently revised during settlement negotiations with the audit team.

³ In a concurrent action, the Commission has adopted a Consent Decree by which the parties agree to resolve the issues identified in the Joint Audit Report package through a settlement agreement. Pursuant to that settlement agreement, Ameritech has consented to the release of the Joint Audit Report package. See Consent Decree Order, FCC 95- , released June 23, 1995 (Consent Decree).

⁴ See National Exchange Carrier Ass'n, Request for Confidential Treatment of Certain Financial Information, Memorandum Opinion and Order, 5 FCC Rcd 7184, 7185, n.15 (1990) (Commission's general policy is to preserve confidential status of audit reports); Martha H. Platt, On Request for Inspection of Records, Memorandum Opinion and Order, 5 FCC Rcd 5742, 5743, n.8 (1990).